

Message Text

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42

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E.O. 11652: GDS

TAGS: ETRD, EEWT, EIND, UR, US

SUBJECT: MAJOR COMMERCIAL OPPORTUNITY - UDOKAN COPPER PROJECT

1. SUMMARY: SOVIETS APPEAR TO HAVE REACHED AT LEAST PRE-LIMINARY DECISION AS TO HOW THEY WOULD LIKE TO PROCEED IN DEVELOPMENT OF UDOKAN COPPER PROJECT. AS DESCRIBED TO COMMATT DURING APRIL 25 MEETING WITH OFFICIALS OF MINISTRY OF NON-FERROUS METALLURGY AND STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY (SCST), THIS APPROACH WOULD APPEAR TO BE WELL SUITED FOR PARTICIPATION BY U.S. INDUSTRY. END SUMMARY.

2. AT SOVIET INITIATIVE, COMMATT MET APRIL 25 WITH L.P. DAVYDOV, DEPUTY CHIEF OF TSVETMETZAGRANPOSTAVKA OF MINISTRY OF NON-FERROUS METALLURGY AND S.N. GLEVOV OF SCST. ALTHOUGH NOT PREVIOUSLY ANNOUNCED, SUBJECT OF MEETING WAS DEVELOPMENT OF UDOKAN. DAVYDOV EXPLAINED THAT UDOKAN COPPER DEPOSIT PRESENTED NUMBER OF DIFFICULTIES, QUITE APART FROM ITS LOCATION IN EXTREMELY REMOTE AREA CHARACTERIZED BY PERMAFROST, MINIMAL COMMUNICATIONS AND FREQUENT EARTHQUAKES. FROM TECHNICAL POINT OF VIEW, MAJOR PROBLEM IS FACT THAT UDOKAN ORE IS MIXTURE OF SULPHIDE AND OXIDIZED ORES, ROUGHLY IN PROPORTION OF 80 TO 20, RESPECTIVELY. DAVYDOV NOTED THAT AS FAR AS HE WAS AWARE, THERE WAS NO TECHNOLOGY CURRENTLY IN USE WHICH WOULD ALLOW FOR ECONOMICALLY-FEASIBLE EXPLOITATION OF BOTH SULPHIDE AND OXIDIZED COMPONENTS. CONSEQUENTLY, USE OF
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EXISTING TECHNOLOGY WOULD MEAN THAT OXIDIZED COMPONENT WOULD

BE DISCARDED, WITH CONSEQUENT LOSS OF ABOUT 15-20 PERCENT OF RECOVERABLE COPPER. GIVEN SIZE OF UDOKAN, VALUE OF SUCH LOSSES WOULD BE VERY LARGE.

3. UNDER THE CIRCUMSTANCES, DAVYDOV ADVISED, SOVIETS HAVE CONCLUDED THAT THEY SHOULD BUILD PILOT PLANT (WITH CAPACITY OF PERHAPS 100 METRIC TONS PER DAY) WITH WHICH NEW TECHNOLOGY COULD BE DEVELOPED WHICH WOULD ALLOW FOR RECOVERY OF 93-95 PERCENT OF COPPER CONTENT. DAVYDOV SAID THAT SOVIETS WOULD LIKE TO FIND U.S. COMPANY, EITHER MAJOR NON-FERROUS METALS COMPANY SUCH AS KENNECOTT, ANACONDA OR PHELPS-DODGE, OR A DESIGN-ENGINEERING COMPANY, WHICH COULD PUT UP PILOT PLANT AND ASSIST IN ITS OPERATIONS. DAVYDOV STRESSED THAT THIS INITIAL PHASE OF PROJECT WOULD BE ON "CASH" BASIS AND WOULD NOT BE COMPENSTATION DEAL. IN TERMS OF TIMING, DAVYDOV SAID MINISTRY HOPED TO BEGIN WORK ON PILOT PLANT IN 1976/77.

4. COMMENT: ALTHOUGH DAVYDOV IS EXTREMELY KNOWLEDGEABLE ON U.S. COPPER INDUSTRY, HE DID NOT APPEAR TO KNOW WHETHER ANY U.S. COPPER COMPANY WAS USING TECHNOLOGY WHICH PERMITTED EXPLOITATION OF ORES SUCH AS FOUND AT UDOKAN, HE MENTIONED, HOWEVER, THAT BAGDAD COPPER COMPANY (DIVISION OF KENNECOTT) HAD SIMILAR ORES AT PROJECT IN ARIZONA. TWO-PHASE ARRANGEMENT WHICH SOVIETS APPEAR TO HAVE ADOPTED FOR UDOKAN APPEARS REASONABLE, UNDER CIRCUMSTANCES, AND IS BASED IN PART ON FACT THAT INDUSTRIAL EXPLOITATION OF UDOKAN WILL NOT BE POSSIBLE UNTIL BAM RAILROAD REACHES THAT VICINITY, SOMETIME IN EARLY 1980'S. EMBASSY SUGGEST THAT BEWT/TDAD BRING SOVIET PLANS TO ATTENTION OF ANACONDA, KENNECOTT, PHELPS-DODGE, ASARCO, AMAX AND OTHER COPPER PRODUCERS AND DETERMINE WHETHER COMPANIES MIGHT BE INTERESTED IN OPENING DISCUSSIONS WITH SOVIETS. IN ADDITION, IT MIGHT BE USEFUL TO CONTACT ENGINEERING COMPANIES ACTIVE IN NON-FERROUS METALS AREA SUCH AS ARTHUR MCKEE. PLEASE ADVISE RESULTS OF THESE INQUIRIES.
MATLOCK

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Message Attributes

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